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Western Hampton Roads Adhoc Telephone Committee  
Comprised of Isle of Wight County, Southampton County,  
Surry County, and the City of Franklin

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mailing address: c/o County of Isle of Wight  
Attn: Ms. Lynn P. Harris  
P. O. Box 80  
Isle of Wight, VA 23397

December 31, 1998

Hon. William J. Bridge, Clerk  
The State Corporation Commission  
Clerk's Office  
Document Control Center  
Tyler Building – First Floor  
Richmond, VA 23219

CC Docket No 98-184

RE: Case No. PUA980031

Dear Mr. Bridge:

We, the above municipalities, wish to comment on the proposed merger of Bell Atlantic and GTE Telephone Companies pursuant to the above referenced case.

We have formed a temporary committee to seek greater equity in telephone services for our respective communities contemporaneous with such a merger. We have enclosed comments by way of the attached paper titled, "Telephone Service in Western Hampton Roads". We seek to set forth reasons for our position in this regard in the spirit of identifying to the Principals, the Federal Communications Commission, and the State Corporation Commission what we believe is in our communities' best interest as well as what is fair and equitable to the merged Telephone Company.

It is our sincere hope that all parties will resolve to find a way, once and for all, to correct the inequity that now exists in western Hampton Roads as it relates to our greater "community of interest" as defined as Hampton Roads. We further believe the plan we have outlined is straightforward and deserving of prompt implementation upon merging of the companies.

Respectfully submitted on behalf of the Committee, I am

Sincerely,



Alan V. Monette  
Chairman

cc: Federal Communications Commission  
Bell Atlantic Telephone Company  
GTE Telephone Company  
Hampton Roads Partnership

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## Telephone Service in Western Hampton Roads

The telephone service in Western Hampton Roads is currently provided by GTE. This service is the result of a statewide plan created by the State Corporation Commission approximately two years ago. The service offers several options including an extended area of service option to eastern Hampton Roads; however, the price is considered excessive and the service is one-way calling outbound. Although the SCC implemented this plan, most of the subscribers residing in the western Hampton Roads region do not consider it fair or equitable when compared to the surrounding region. Communities such as Suffolk and Newport News enjoy far greater service at less than ½ the cost through Bell Atlantic. Commercial subscribers are greatly impacted by the new unfavorable rates. The current inequality of service creates an adverse factor for communities in western Hampton Roads trying to compete with the major cities of Hampton Roads in the arena of economic development.

GTE and Bell Atlantic have announced a merger that is pending approval by the FCC and the SCC. It is hoped a uniform rate and service area for all of Hampton Roads could result from such a merger. In hearings previously held by the SCC, people living in western Hampton Roads on the south side of the James River, basically made the case to provide fair and extended service to their communities based on the principle of "community of interest". The counties of Isle of Wight, Southampton, and Surry and the city of Franklin have once again formed an *ad hoc telephone committee* to seek telephone service based on the "community of interest" principle. It is the goal of these jurisdictions to set forth their basic concept for the service they desire.

Generally speaking, the current 757 area code intersects the counties of Southampton and Surry. People living westerly of the line (in the 804 area code) generally consider the Crater Planning District more in their community of interest. People east and inside the 757 area code generally consider Hampton Roads their predominant community of interest. Both Southampton and Surry are relatively small in population and it is important that all residents are able to call their respective county seats toll-free. It is quite easy to prove the Surry/James City County-Williamsburg link, the Southampton/Franklin-Southside Hampton Roads link, the Isle of Wight County and Franklin links to all of Hampton Roads. These are commerce trading areas; government, education, healthcare, employment areas; an area comprising social linkages with relatives and friends. It is, in fact, a metropolitan area defined in so many ways that easily suggest the "community of interest" patterns are fully justified. In total, there are probably less than fifty thousand telephone subscribers in the entire western Hampton Roads region.

Once a merger has occurred it would seem only reasonable that the western Hampton Roads region telephone service areas merge into the existing Hampton Roads Bell Atlantic service area. The price of service should be the same as it now exists in Suffolk and Newport News/Williamsburg. The rate plans should be consistent for private and commercial subscribers. The service should be reciprocal (two-way calling in and out of every locality). Optional pricing plans now offered to Bell Atlantic customers should also be offered to current GTE customers. Likewise, subscribers in existing Bell Atlantic service areas would now have their service extended to western Hampton Roads communities without additional charges.

There are several good reasons to believe these changes should occur:

1. Western Hampton Roads is rapidly growing—thus adding more access lines would earn the new entity more and more revenue.
2. The objective of corporations that merge is to produce more favorable results for its stockholders as a result of becoming stronger, more competitive and less burdened by duplications in overhead. Consolidation is the nature of mergers and this one is certainly destined for consolidation. In fact, when GTE acquired the assets of Contel, over 600 jobs were lost to Virginia in just the first few years. If consolidation can be the objective of lowering costs, then consolidation can also provide equality of service. It is expected that many areas of consolidation will occur in Hampton Roads and improved service should also be achieved as a result. Despite the statement by Bell Atlantic that GTE will operate as a wholly owned subsidiary and maintain their respective local service area, Bell Atlantic also states certain staff related positions will be consolidated. No matter how the company suggests to position such a merger their goal is to use their leverage to pursue other markets while enjoying the benefit of existing local calling area revenues that are sure to be bolstered by consolidation. It would only seem logical and incumbent on the State to insist such consolidation results in greater equity to existing subscribers—this area should not be a “profit generator” only for the purpose of expansion.
3. Technology is rapidly advancing in the telecommunications area. Productivity increases are easily gained in the process. Fiber cable can absorb much more basic voice traffic with little impact on bandwidth. Telephone switching equipment can handle many more telephone calls at faster speeds as computer technology increases dramatically. More and more services are now automated and require less operator assistance.
4. The advent of the Internet and FAX services have become a windfall to telephone companies that measure their growth through additional access lines. Not only are businesses adding more and more lines, individual homes are adding lines for such services. These factors will greatly enhance the local fixed rate revenue of local telephone service providers, thus absorb more and more fixed plant overhead as a result.

In addition, more and more companies are increasing electronic data transmissions and using more and more local telephone service as a result. These conditions suggest many more good reasons why the western Hampton Roads region should obtain needed equality in its telephone service area. In order to become more interactive in educational opportunities, engage in free commerce, and interact with our overall community in general, we must remove the barriers of unnecessary and burdensome telephone tolls.

5. The merger of GTE-Bell Atlantic should cause this relatively small access area to merge in with the enormous existing Bell Atlantic area. For example, Cape Charles on the Eastern Shore is charged the same as subscribers in Suffolk. Cape Charles is much smaller and quite remote as compared to the region it connects to. Bell Atlantic quite easily spread the cost of service over the existing base and the result is very nominal, if in fact it costs appreciably more to service Cape Charles. Fiber optic transmission circuits once in place can handle the distance burden and so can the modern high capacity switches. The same can be said about western Hampton Roads. Fiber is already in place. Chesapeake is the major switching site for these communities. Smithfield and other communities are now generally considered "remotes" of the Chesapeake central office. What is to prevent the absorption of this "load" by other Bell Atlantic equipment in the future? We believe efficiencies should exist for the telephone company, but we seek to benefit as well.
6. The larger the Hampton Roads telephone service region becomes, the more of a concerted effort it will require of other telephone companies to compete in this area. Thus, AT&T, cable television companies, etc. will have to do more to provide equivalent service to all of Hampton Roads. This will either lessen the competition overall for the merged Bell Atlantic entity and thus provide consumers in outlying regions without any options, or Bell Atlantic will continue to operate as a major public utility offering equal services to all its Hampton Roads subscription areas. It is obvious the competitors to Bell Atlantic will seek to take the path of acquiring the more lucrative commercial accounts—thus, it should be incumbent upon the SCC to make sure all competing companies offer competing plans to the overall service area.
7. Wireless is an example whereby the Hampton Roads area is serviced equally to all competing customers. With the acquisition of GTE Wireless, Bell Atlantic will also dominate this area of trade. Currently, wireless is used by many in western Hampton Roads to overcome the cost of expensive long distance. The service area that has evolved from wireless certainly reflects the greater community of interest area that "Hampton Roads" now defines. The equality of cost and area of service now provided by wireless should also apply to landline service areas throughout Hampton Roads.

8. The Hampton Roads Partnership is striving to define areas of strengths necessary to make it a more desirable living area and a commerce center second to none as we enter the 21<sup>st</sup> century. A modern region-wide local calling area telecommunications network is a key technology component of the infrastructure that must exist. The ability of Bell Atlantic to absorb the GTE service area in this region is now foreseeable and the task is doable.
9. As the de-regulation of long-distance continues and the local providers have the ability to compete in this area as well as in the areas of cable television, video services, internet and data services, yellow pages, wireless, etc., it would lead one to conclude a large, region-wide telephone company will have the ability to dramatically increase its sales revenues to an already installed base to which it can provide these services. The challenge will come from the speed by which it can pursue all these options, not from any limits of regulation or burden by its customer base. The telecommunications industry is thriving and all subscribers in Hampton Roads should participate equally in the services and opportunities now available.

In summation, the merger between GTE and Bell Atlantic should incorporate a provision to provide the entire 757 area code region, as it is defined today, with equality of cost and service. The areas of Southampton County and Surry County should also have toll free service throughout their counties to their respective county seats. Growth in access lines and advances in technology should enable profitable gains for the telephone company servicing this vast area.

Indeed, as a major corporate citizen of the State of Virginia, Bell Atlantic should find the concept outlined above most desirable and consistent with its role of being, by far, the largest local telephone company in Virginia. It will virtually monopolize the service of Hampton Roads. It will also benefit from a good faith effort on its part now to accommodate the needs of the western Hampton Roads area. It is in the spirit of cooperation we seek a solution to our needs and present this concept to our soon to be telephone company.

These comments are submitted by:

Western Hampton Roads Adhoc Telephone Committee  
comprised of Isle of Wight County, Southampton County,  
Surry County, and the City of Franklin

Enclosure: Resolutions of the governing bodies